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To: New York Metro ROU
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Hartford ROU

Attention: M. A. Washo
A. E. Evanchik
R. H. Fricke

All Sales Representatives With Direct Responsibility for
Individually Owned Shop Rite Stores

DM	T&D	REP
1224		
1226	X	11/95
1228	X	11/95
1229		
1230	X	11/95
PTG		
NON		
PM		
1231		

Subject: Wakefern Food Corporation

Attached is a letter from Wakefern Food Corporation to its Member Groups and Stores recommending some cigarette merchandising options for:

Self-Service Cartons and Packs
Non Self-Service cartons and Self-Service Packs
Non Self-Service Cartons and Non Self- Service packs

Bottom line, Philip Morris has agreed to **Co-Existence** in Shop Rite Stores.

Also attached is a document from Philip Morris outlining the three(3) options. Please note point # 5 under Option 1 which states "Pack fixtures supplied exclusively by PM, with space allocated to share of sales". This is strictly an alternative to those retailers who elect to take an exclusivity contract. Wakefern informed its Members that the following point (# 6) "In lieu of above PM will share pack merchandisers with RJR, etc"., is the best option for all concerned.

Each Member was made aware of the maximum monies available using all Manufacturers, RJR, Philip Morris, BAT, and Lorillard.

Listed below are key points to keep in mind regarding this issue, as you contact your Shop Rite Member Groups or Individually owned stores:

- Partners Base Contracts previously signed in those stores where we currently co-exist in merchandising will not be affected. In most cases these stores have contracts with Lorillard and BAT.

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- In those stores where PM does not currently have a contract, some Members may elect to sign a Retail Masters Level II or III. These Members should be made aware that PM may attempt to sell Exclusivity, however the following ramifications will occur:
 - Exclusivity negatively impacts store sales and profits.
 - RJR's ability to promote is also negated, again impacting sales.
 - RJR must have a Package/Promo Merchandiser as a qualifier for Retail Partners.
 - RJR will not supply a Carton Merchandiser without a Package/Promo Merchandiser.
- The maximum monies available from the implementation of these options included contracts from all four (4) manufacturers, and was that recommended by Wakefern.

Keep in mind, that many Shop Rite Owners tend to look at *bottom line* dollars, and tend to overlook Program requirements.

On the positive side, this recommendation from Wakefern may provide an opportunity in those stores that do not self-service cartons or packs, or in those stores where PM currently has exclusivity.

If I can be of any assistance in making presentations, or using Wakefern Headquarters influence, please call me.

Best Regards,

Nick

G. N. Kuruc, Jr.
cc: M. A. Young
Attachment

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